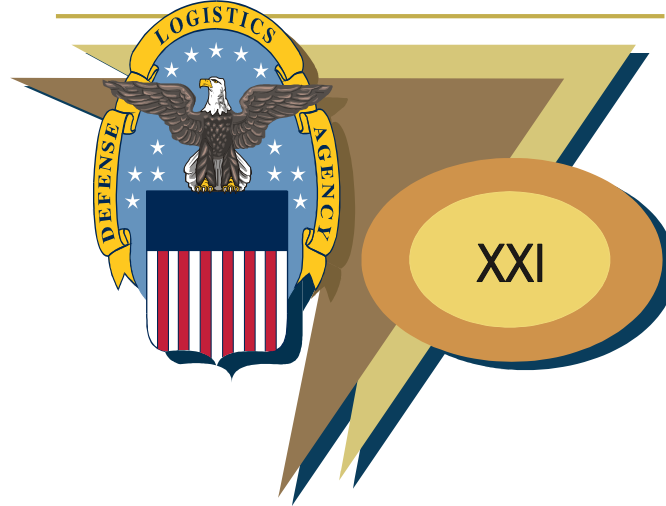


Defense Logistics

Defense Contract Management Command



Revolution in Business

Affairs Contract Business Operations

Workshop 6



Revolution In Business Affairs - DCMC Meeting The Challenge

CONTRACT BUSINESS OPERATIONS

Paul Farley, Director

Karen Clougherty, Dep Dir, Payment and Financing

Janice Hawk, Acting Dep Dir, Govt Property

Julia Johnstone, Acting Chief, Bus Mgt, DCMD West

Frank Skeiber, Dep TAG, DCMD East

LtCol Kathy Johnson, Director, Overhead Center



Revolution In Business Affairs - DCMC Meeting The Challenge

CONTRACT BUSINESS OPERATIONS - THE CHALLENGES

DELIVER GREAT CUSTOMER SERVICE

- **Right-item, Right-time, Right-price**
- **Team With Our Business Partners**

***LEAD THE WAY TO EFFECTIVE AND EFFICIENT
BUSINESS PRACTICES***

- **Accelerate Acquisition Reform and Transition to CMI**
 - **Maximize Use of Commercial Items and Practices**
 - **CMI will Impact Much of What We Do - - Price
Based Acquisition, Payment, Property**



Revolution In Business Affairs - DCMC Meeting The Challenge

**CONTRACT BUSINESS OPERATIONS - THE
CHALLENGES
LEVERAGE INFORMATION TECHNOLOGY TO
IMPROVE BUSINESS RESULTS**

➤ **e.g., EDA Progress Payment, Closeout, PCARSS**

**DEVELOP AND SUSTAIN THE RIGHT TALENT/BUILD
AND MAINTAIN A POSITIVE WORK ENVIRONMENT**

➤ **Downsizing Environment and Maturing
Workforce -- How Do We Maintain Technical
Currency and High Levels of Performance**

HOW WILL IT ALL AFFECT THE CAOS?



Revolution In Business Affairs - Contract Financing & Payment Group

- **DELIVER GREAT CUSTOMER SERVICE -
CHALLENGES**
 - **Payment Initiatives**
 - **Closeout and Canceling Funds Issues**
 - **Administration of Non Traditional Contract
Types**



Revolution In Business Affairs - Contract Financing & Payment Group

LEVERAGE INFORMATION TECHNOLOGY TO IMPROVE BUSINESS RESULTS

➤ PAYMENT INITIATIVES

- Progress Payments/EDI - Tasking memo 98-288**
- Vouchers - Direct Billing Initiatives**
 - DFAS Web Invoicing ("WInS") - Transition**
- Small Dollar Contracts**
 - SAMMS vs MOCAS**
 - Credit Cards**
 - Other Disbursing Office (ODO) Contracts**



Revolution In Business Affairs - Contract Financing & Payment Group

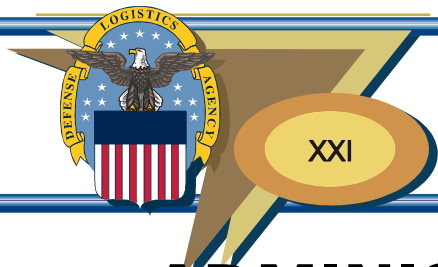
- **CONTRACT PAYMENT - MANAGEMENT ISSUES**
 - **Timely and Accurate Contract/Mod Input**
 - **Utilizing Database Management Tools - (A, C, D, H Lists, etc)**
 - **Distribution of Modifications/Orders to Accounting/Funding Stations**
 - **Carefully Validate Reason for Requesting Progress Payment Presigns**
 - **Maximize Efficient Internal Procedures - Approving Payments; Issue Clear and Correct Modification**



Revolution In Business Affairs - Contract Financing & Payment Group

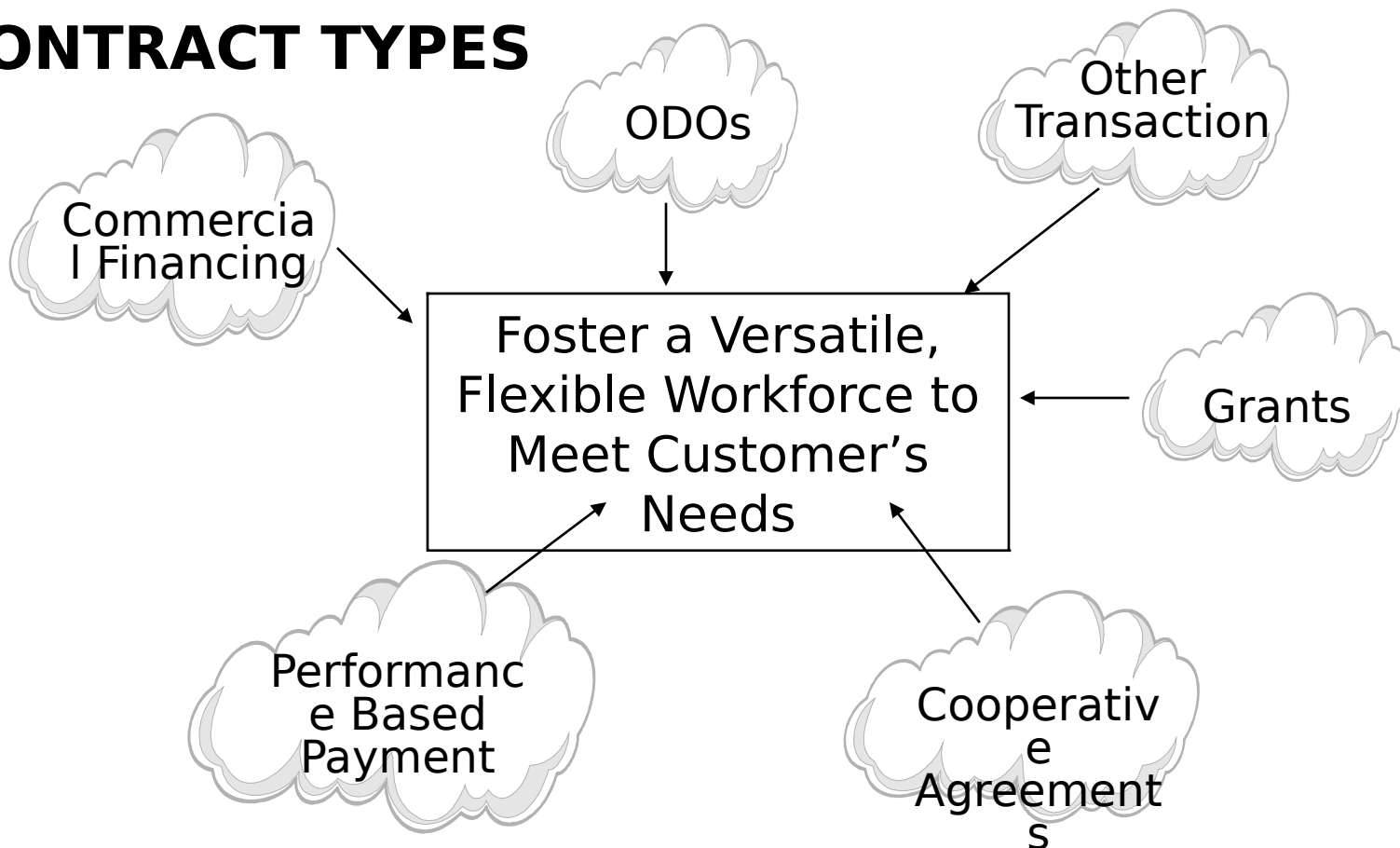
LEVERAGE INFORMATION TECHNOLOGY TO IMPROVE BUSINESS RESULTS

- **CLOSEOUT AND CANCELING FUNDS**
 - **Customers Want All Contracts Closed Timely**
 - **Change in FY99 Performance Plan**
 - **Measure is now on Sec 8 vs PT A, Sec 2**
 - **Canceling Funds**
 - **Moving From 690D to SDW “At Risk” Query**
 - **FY98 Tasking Expired - Will be Replaced with Web Based Automated Reason Code Reporting System**
 - **First MMR Report will be Presented in Jun 99**



Revolution In Business Affairs - Contract Financing & Payment Group

ADMINISTRATION OF NON TRADITIONAL CONTRACT TYPES



**ACCELERATE ACQUISITION REFORM BY
APPLYING COMMERCIAL PROCESSES AND
PRACTICES**



Revolution In Business Affairs - Cost And Pricing Group

DELIVER GREAT CUSTOMER SERVICE - CHALLENGES

- The Future Probably Holds
 - Less formal reports
 - Less supplier data
 - Less people

*But still lots of opportunities for us to
assist buying offices...and plenty of
actions for us to negotiate*



Revolution In Business Affairs - Cost And Pricing Group

ACCELERATE ACQUISITION REFORM BY APPLYING COMMERCIAL PROCESSES AND PRACTICES

- **Price Based Approach to Acquisition (PBA)
Study**
- **Chartered by USD(A&T) in October 1998**
 - **Goal: Come up with ways to buy things
without reliance upon suppliers' estimated
or incurred costs**
*DCMC well represented
on PBA Study Group*
 - **Why?**
 - **Better access to commercial technology**
 - **Better contract prices (CMI)**
 - Not sure how it will turn out--report due to USD(A&T) early*
 - **Reduced DoD infrastructure costs**



Revolution In Business Affairs - Cost And Pricing Group

***PROVIDE THE RIGHT ITEM AT THE RIGHT
TIME FOR THE RIGHT PRICE***

- **More pricing done informally as part of IPT.**
 - **A survey in early FY 98 showed...**
 - **46% of our customers had used IPT Pricing, Alpha Contracting, etc.**
 - **90% plan to use in future, and**
 - **DCMC is involved in almost every case**
- **Need to institutionalize this type of pricing support**



Revolution In Business Affairs - Cost And Pricing Group

***PROVIDE THE RIGHT ITEM AT THE RIGHT
TIME FOR THE RIGHT PRICE***

- **Independent Government estimates vice evaluation of suppliers' cost information**
 - **FASA, FARA (CCA), FAR Part 15 Rewrite**
 - **Commercial item acquisitions, OTs**
- **Price analysis rather than cost analysis**
 - **Same basic techniques--but need to get our own data**
 - **Knowledge of product and market more important**



Revolution In Business Affairs - Cost And Pricing Group

***PROVIDE THE RIGHT ITEM AT THE RIGHT
TIME FOR THE RIGHT PRICE***

- **Even after PBA implementation, will still be...**
 - **Some TINA covered contracts**
 - **FPRAs, cost analysis**
 - **Some cost-type contracts**
 - **Final overhead rates, CAS, cost principles**
 - **Some actions for us to negotiate**
 - **Changes, UCAs, O&A work**
- **Challenge is to keep current skills and add new ones with fewer people**

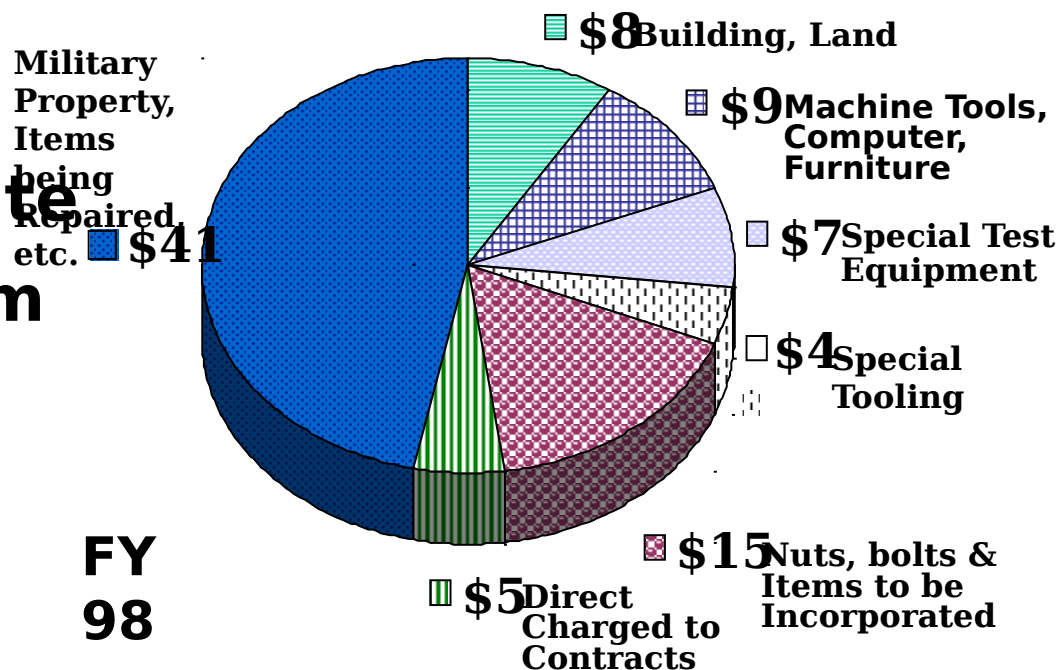


Revolution In Business Affairs - Government Property Group

ACCELERATE ACQUISITION REFORM BY APPLYING COMMERCIAL PROCESSES AND PRACTICES

➤ **COMMITMENT TO REDUCE THE AMOUNT OF GOVERNMENT PROPERTY IN THE POSSESSION OF CONTRACTORS**

- **DoD Direction**
- **FAR Part 45 Rewrite**
- **Acquisition Reform
Proposal**





Revolution In Business Affairs - Government Property Group

➤ **MRM #5**

- **Goal #1 - Review Contracts with over \$3M in Government Property - (Completed)**
- **Goal #2 - Dispose of \$7B by Dec 31, 99 - (\$3.5B as of Dec 31,98)**
- **Tie in to NPR Goal 11B**

➤ **RISK MANAGEMENT**

- **Tasking Memorandum #99-10**
- **Contractor Self Oversight**



Revolution In Business Affairs - Government Property Group

➤ FINANCIAL REPORTING

- Chief Financial Act of 1990
- Accurate Reporting of DoD's Property,
Plant and Equipment
- Required for FY99
- Still No Decision From OSD



Revolution In Business Affairs - Government Property Group

LEVERAGE INFORMATION TECHNOLOGY TO IMPROVE BUSINESS RESULTS

- **PAPERLESS CONTRACTING (MRM #2)**
 - **PCARSS**
 - **Supports MRM #5**
 - **New Performance Goal on its Way**
- **CPMS**
 - **Contractors to Report Electronically**



Revolution In Business Affairs - DCMC Meeting The Challenge

CONTRACT BUSINESS OPERATIONS

- **We Don't Know How This Will All Play Out**
 - - **e.g., PBA, Property**
 - **We Are Committed to Providing Policies, Tools, Training As Early As Possible**
 - **FY 00 Business Plan Goals**
 - **Group Leaders - Key to Contract Management Excellence**
 - **Flexibility and Receptiveness to New Ideas is Critical**



Revolution In Business Affairs - DCMC Meeting The Challenge

CONTRACT BUSINESS OPERATIONS

- **What We Need to Do --**
 - **Clearly Communicate New Policies**
 - **Train the Workforce**
 - **Training Priorities, Alternate Training Methods, Utilization of SFAs, New Tools**
 - **Risk-Based Surveillance**
 - **Examine How/Why We Do Things --**
 - **ODOs, Low \$ Contracts, Recon, Process Management, Data Collection**



Meeting The Challenge - Contract Financing & Payment Group

- **DELIVER GREAT CUSTOMER SUPPORT - MEETING THE CHALLENGES**
 - **Facilitating the Payment Process**
 - **FY99/FY00 Performance Goal Team Changes**
 - **Enhancing Workforce Knowledge**
 - **Recommendations for Group Leaders**



Meeting The Challenge - Contract Financing & Payment Group

TEAM WITH BUSINESS PARTNERS TO ACHIEVE CUSTOMER RESULTS

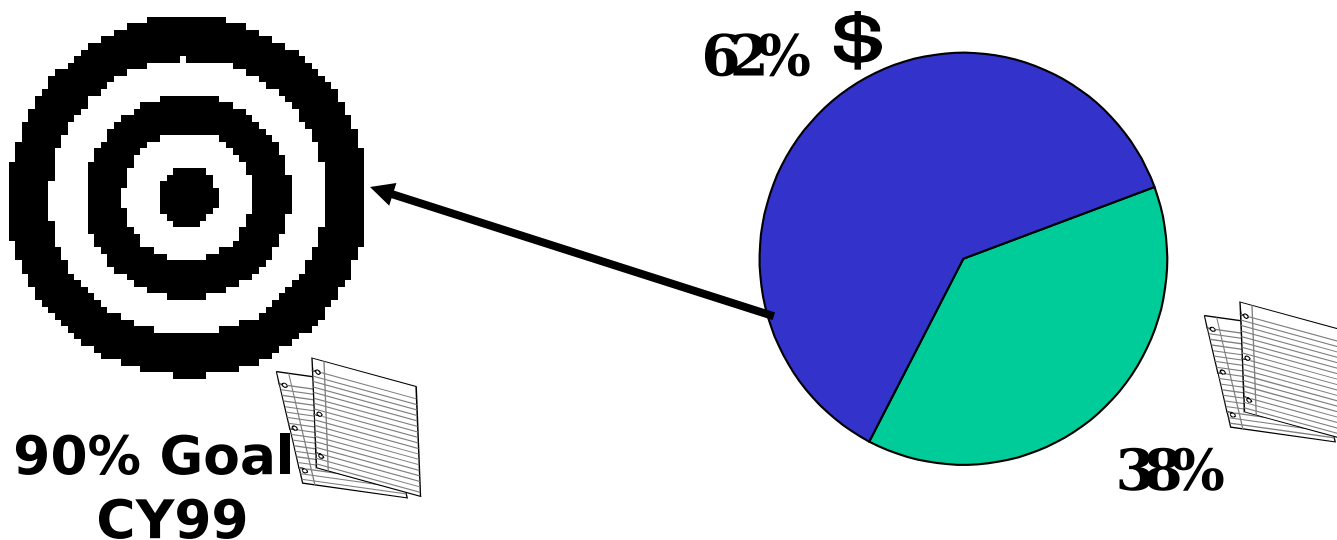
- **FACILITATING THE PAYMENT PROCESS**
 - **Teaming With DFAS**
 - **CAO Trust Agents -Utilize Authority**
 - **Foster Procedural Knowledge**
 - **Teaming With DCAA**
 - **Prioritize O/Hs, Final Vouchers**



Meeting The Challenge - Contract Financing & Payment Group

LEVERAGE INFORMATION TECHNOLOGY TO IMPROVE BUSINESS RESULTS

- **EDI PROGRESS PAYMENTS**
- **DFAS WInS - Web Invoicing System**





Meeting The Challenge - Contract Financing & Payment Group

***PROVIDE THE RIGHT ITEM AS THE RIGHT TIME
FOR THE RIGHT PRICE***

- **FY99/FY00 PERFORMANCE GOAL PLAN**
 - **Terminations - Manage the FY99 Goal to End Reporting for FY00**
 - **Contract Closeout - Customer Driven Measurement Change - Sec 8 vs Part A, Sec 2**
 - **Canceling Funds - Automated Web Based Reporting Coming**
 - **Progress Payments - Goal for 90% of Progress Payments Invoices Utilizing EDI Progress Payments by end of CY99**



Meeting The Challenge - Contract Financing & Payment Group

INVEST TO DEVELOP AND SUSTAIN THE RIGHT TALENT

- **ENHANCING WORKFORCE KNOWLEDGE**
 - **SFAs/Videos/Training Tools/Satellite Broadcasts**
 - **Recent Team Changes - One Book, Policy, Cubes**
 - **Automation Initiatives - Canceling Funds, ODOs, Progress Payments, Contract Closeout**
 - **DCMC/NCMA Corporate Contract**
 - **DCMC Intern Program - Phase I, II, III plans**
 - **Updating DAWIA Courses for OSD**



Meeting The Challenge - Contract Financing & Payment Group

TEAM WITH OUR BUSINESS PARTNERS TO ACHIEVE CUSTOMER RESULTS

- **RECOMMENDATIONS FOR GROUP LEADERS**
 - **Ensure Team Leaders Understand Measurement Tools - (Reveal vs ORSS, etc.)**
 - **Foster Teaming with DCAA & DFAS**
 - **Contact CLRs, SFAs, District Process Owners**
 - **Keep Up with Current Changes**
 - **Continue to Make Suggestions to Improve DCMC Support to Customers - share your initiatives**



Meeting The Challenge - Cost And Pricing Group

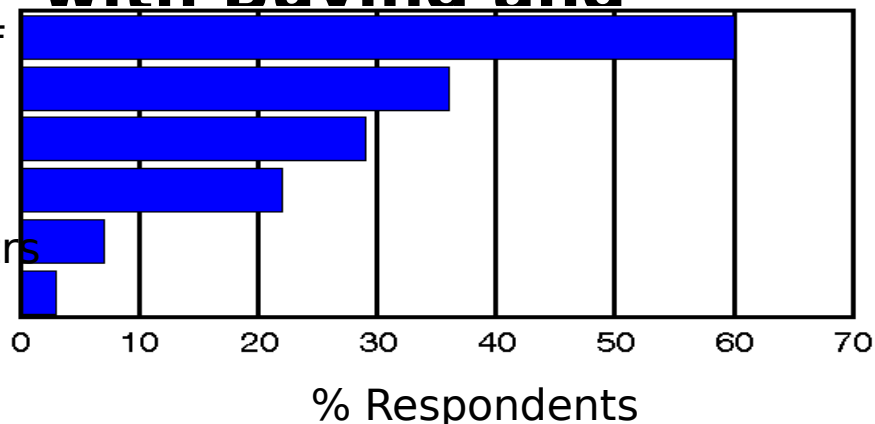
PROVIDE THE RIGHT ITEM AT THE RIGHT TIME FOR THE RIGHT PRICE

- **More pricing done informally as part of IPT**
- **Working on a format for requesting Pricing Assistance**
- **Pricing Conference**
- **Still need to talk this up with Buying and Program Office**

NAVAIR Instruction but we intend to make it available to all customers

No substitute for personal contact!

DCMC HQ Brief
CAO
Customer
Liaison
DCMC Policy Ltrs
Brochure
NCMA Article





Meeting The Challenge - Cost And Pricing Group

PROVIDE THE RIGHT ITEM AT THE RIGHT TIME FOR THE RIGHT PRICE

- **Independent Government estimates vice evaluation of suppliers' cost information**
- **Computer Aided Parametric Estimating (CAPE) Software Project**
Trying out COTS software (PRICE, SEER) at ten offices in FY00 Business Plan now
- **Value Analysis Center**
- **Virtual Market Research Center**
a future possibility???
- **Negotiation Training**
have reviewed courses offered by NCMA & George Washington University



Meeting The Challenge - Cost And Pricing Group

***Provide the Right Item at the Right Time
for the Right Price***

- **Even after PBA implementation, still plenty of pricing and negotiation activity**
- **Contract Specialist AJC** *reviewing field comments now*
- **Performance Measures**
 - **UCA Definitization**
 - **Negotiation Cycle Time**
 - **FPRA Coverage**
 - **Final Rates**
 - **CAS Noncompliances**
- **Automation--DIRAMS, OASYS**



Meeting The Challenge - Cost And Pricing Group

Team with our Business Partners to Achieve Customer Results

➤ **“DCMC Performance Under Navy Contracts”**

Things the Navy can do to help us serve them better (esp. w/UCAs & Closeout)

➤ **AFMC Over & Above PAT**

➤ **NAVAIR Pricing Assistance Request Form**



Meeting The Challenge - Cost And Pricing Group

Team with our Business Partners to Achieve Customer Results

RECOMMENDATIONS FOR GROUP

LEADERS

- **Be open to, and supportive of new DoD and DCMC policies** *Your feelings definitely color the opinions of your employees!*
- **Encourage and foster innovation**
 - **Request DLAD 5000.4 waivers if needed!**
- **Participate in DCMC initiatives**



Meeting The Challenge - Government Property Group

ACCELERATE ACQUISITION REFORM BY APPLYING COMMERCIAL PROCESSES AND PRACTICES

- **COMMITMENT TO REDUCE THE AMOUNT OF
GOVERNMENT PROPERTY IN THE POSSESSION OF
CONTRACTORS**
 - **When New FAR Published, Training will be
Provided for all 1103s**
 - **FY00 Performance Goal Targeted to Procuring
Commands and New Acquisitions**
 - **MRM #5**
 - **Continue to Monitor Disposal Time Frames**
 - **May Require Moving Personnel to Assist PLCOs**
 - **Performance Goal to be Completed 1st Qtr FY00**

Invest in
Our
People



Meeting The Challenge - Government Property Group

➤ **RISK MANAGEMENT**

- **Policy Implemented**
- **Minor Revisions Forthcoming to Align with
DCMC Integrated Surveillance Chapter**

➤ **FINANCIAL REPORTING**

- **Keeping in Contact with OSD for Final
Determination**



Meeting The Challenge - Government Property Group

Leverage Information Technology to Improve Business Results

➤ **PAPERLESS CONTRACTING**

➤ **PCARSS**

- **More Training for PLCOs Funded
and being Scheduled**
- **Tools Being Developed to Assist
PLCOs and Contractors**
- **New Impromptu Cube Being Developed**
- **New Metric for FY99 to be Tracked at Ops
Chiefs Meeting**
- **Performance Goal for FY00**

A stylized cloud graphic with a grey outline and a white fill. Inside the cloud, the text "Invest in Our People" is written in a black, sans-serif font, arranged in two lines: "Invest in Our" on the top line and "People" on the bottom line.



Meeting The Challenge - Government Property Group

***Leverage Information Technology to
Improve Business Results***

- **PAPERLESS CONTRACTING**
 - **CPMS**
 - **Encourage Contractors to Report
Electronically**



Meeting The Challenge - Government Property Group

- **RECOMMENDATIONS FOR GROUP LEADERS**
 - **MRM #5**
 - **Monitor Disposal Actions**
 - **Move Personnel to Assist PLCOs**
 - **Financial Reporting**
 - **Just be Aware, Change are Coming this FY**
 - **PCARSS/CPMS**
 - **Support PLCOs/Pas Transition of
Contractors to Electronic Reporting**